

## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE NEW MEXICO ECONOMY

The importance of small business to the state of New Mexico is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, New Mexico had 39,969 businesses with employees; 96.6 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 80,000 self-employed persons in 1996, for an estimated total of 119,969 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 6.0 percent to \$2.3 billion in 1996, while wage-and-salary income rose 4.2 percent. Total personal income rose 4.4 percent to \$20.1 billion. The state also exported \$917.4 million of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 57,500 women-owned businesses in New Mexico, including part-time firms, employing 114,600 people and generating \$10.8 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 108.0 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 57.6 percent from 1987 to 1992, totaling 925 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 51.0 percent during the same time period with 21,586 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 2,155 in 1987, to 4,608 in 1992, representing a 113.8 percent increase.

**Business Turnover** - The number of new firms increased 2.9 percent, while new business incorporations decreased 15.1 percent in 1996. Financial difficulties leading to business bankruptcies increased by 21.4 percent and business failures increased by 5.7 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in New Mexico decreased from 80 in 1994 to 67 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
CENTINEL BK OF TAOS TAOS NM	Taos
FIRST NB	Tucumcari
WESTERN BK ARTESIA NM	Artesia
PEOPLES BK	Taos
VALLEY NB	Espanola
FIRST ST BK TAOS	Taos
CITIZENS BK	Farmington
CITIZENS BK	Las Cruces
SUNWEST BK OF CLOVIS NA	Clovis
BOATMENS CREDIT CARD BK	Albuquerque
NORWEST BK NM NA	Albuquerque

**Job Growth** - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 73.5 percent of the small business growth with 74,187 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	57,962	16,225	12,492	14,309	(20,801)	80,187
Manufacturing	1,164	1,023	468	(192)	(4,665)	(2,202)
Retail Trade	11,773	2,919	2,493	512	(2,778)	14,918
Services	29,321	6,172	8,333	11,279	(7,579)	47,526
Other	15,704	6,110	1,197	2,711	(5,779)	19,943

**Industries** - The composition of small business in New Mexico is very diverse. The Eating & Drinking Places industry is the largest small business employer in New Mexico, followed by Health Services. The fastest growing industry for small business is Services Nec (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in New Mexico by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	488,802	100.0	60.9
Health Services	8000	54,748	11.2	44.7
Eating & Drinking Places	5800	50,019	10.2	71.9
Engineering, Accounting, Research, Management, & Related Services	8700	27,293	5.6	43.4
Business Services	7300	21,744	4.4	59.9
Special Trade Contractors	1700	20,274	4.1	92.4

Table 2, Top Five Small Business Industries in New Mexico by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	297,736	100.0	60.9
Eating & Drinking Places	5800	35,976	10.2	71.9
Health Services	8000	24,462	11.2	44.7
Special Trade Contractors	1700	18,742	4.1	92.4
Business Services	7300	13,024	4.4	59.9
Automotive Dealers & Gasoline Service Stations	5500	12,529	3.2	80.4

Table 3, Fastest Growing Industries for Small Business in New Mexico, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	290,141	297,736	7,595	2.6
Services Nec	796	1,156	360	45.2
Nondepository Credit Institutions	730	929	199	27.3
Electronic & Electrical Equipment & Components Except Computer	1,325	1,589	264	19.9
Transportation By Air	701	816	115	16.4
Building Construction	9,280	10,719	1,439	15.5

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.